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**Introduction:** Prospective borrowers seeking Water Infrastructure Finance and Innovation Act (WIFIA) credit assistance must complete and submit a letter of interest to the U.S. Environmental Protection Agency (EPA). Based on the information provided in the letter of interest, EPA will invite selected prospective borrowers to submit an application for WIFIA credit assistance. EPA will only select those eligible projects that it expects to proceed to closing.

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**Purpose:** Prospective borrowers complete the letter of interest materials to provide EPA with the necessary information to: 1) validate the eligibility of the prospective borrower and the prospective project; 2) perform a preliminary creditworthiness assessment; 3) perform a preliminary engineering feasibility assessment; and 4) evaluate the project against the selection criteria and identify which projects EPA will invite to submit applications.

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**Format:** To be considered for WIFIA credit assistance, prospective borrowers must follow the instructions provided to submit a letter of interest that describes: 1) the prospective borrower and the plans for the proposed project(s); 2) the proposed financial plan; 3) the status of the reports and studies required for the project(s); and 4) how the project meets the selection criteria of the WIFIA credit program. Please reference the latest Notice of Funding Availability (NOFA), the WIFIA program handbook, and frequently asked questions (FAQ) available at <http://www.epa.gov/wifia> for additional instructions and information.

The total narrative for this letter of interest should not exceed 25 pages, excluding any attachments. Narrative information should be on single-spaced, standard-sized 8 ½" x 11" pages. Page margins should not be less than 1-inch. Font size should not be smaller than 11 point Times New Roman.

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**Selection:** Due to the wide variety of projects eligible for WIFIA assistance, in some cases EPA may request additional information to supplement the letter of interest so it may complete its analysis. EPA will invite some eligible prospective borrowers to submit applications based on its selection process.

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**Submission:** Complete this form and attach a document with the requested narrative information, maintaining the order and numbering of the sections. In addition, submit all source documents referenced in the narrative. Source documents may be draft or preliminary. Please provide the most recent version available at the time of submission. Submit these documents as attachments via email to [wifia@epa.gov](mailto:wifia@epa.gov). If needed, electronic files on a USB drive or CD can be provided via express mail or courier delivery service to the attention of **Director, WIFIA Program; US EPA William Jefferson Clinton West Building-room 6210 A; 1301 Constitution Ave, NW; Washington, DC 20004**. Upon receipt, EPA will provide a confirmation email. If you have questions on completing this letter of interest, please consult the WIFIA website ([www.epa.gov/wifia](http://www.epa.gov/wifia)) or contact the WIFIA program office at [wifia@epa.gov](mailto:wifia@epa.gov).

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**Confidential Business Information:** If a prospective borrower desires that any information submitted in its letter of interest or any supplement thereto not be released by EPA upon request from a member of the public or otherwise made publicly available, it must identify the confidential business



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information and provide reasons why such information is confidential business information and should not be released, including particulars as to any competitive harm which would potentially result from the release of such information. EPA will keep such information confidential to the extent permitted by law.

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**Burden:** The public reporting and recordkeeping burden for this collection of information is estimated to average 50 hours per response. Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, included through the use of automated collection techniques to the Director, Regulatory Support Division, U.S. Environmental Protection Agency (2822T), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460. Include the OMB control number in any correspondence. Do not send the completed form to this address.

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**Warning:** Falsification or misrepresentation of information or failure to file or report information required to be reported may be the basis for denial of financial assistance by EPA. Knowing and willful falsification of information required to be submitted and false statements to a Federal Agency may also subject you to criminal prosecution. See, for example, 18 U.S.C. §1001.

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## KEY DEFINITIONS

- (a) *Administrator* means the Administrator of EPA.
- (b) *Applicant* means the entity submitting the application for WIFIA credit assistance. Only prospective borrowers that are invited to submit a WIFIA application become applicants. The following entities are eligible to receive credit assistance: a corporation, a partnership, a joint venture, a trust, a Federal, State, or local government, a tribal government or consortium of tribal governments, and a State infrastructure financing authority.
- (c) *Community water system* has the meaning given the term in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f).
- (d) *Credit assistance* means a secured loan or loan guarantee under WIFIA.
- (e) *Credit agreement* means a contractual agreement between EPA and the prospective borrower (and the lender, if applicable) that formalizes the terms and conditions established in the term sheet (or conditional term sheet) and authorizes the execution of a secured loan or loan guarantee.
- (f) *Eligible project costs* mean amounts, substantially all of which are paid by, or for the account of, an prospective borrower in connection with a project, including the cost of:
  - (1) Development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;
  - (2) Construction, reconstruction, rehabilitation, and replacement activities;
  - (3) The acquisition of real property or an interest in real property (including water rights, land relating to the project, and improvements to land), environmental mitigation (including acquisitions pursuant to section 33 U.S.C. §3905(7)), construction contingencies, and acquisition of equipment; and
  - (4) Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.
- (g) *Federal credit instrument* means a secured loan or loan guarantee authorized to be made available under WIFIA with respect to a project.
- (h) *Investment-grade rating* means a rating category of BBB minus, Baa3, bbb minus, BBB (low), or higher assigned by a nationally recognized statistical rating organization (NRSRO) to project obligations offered into the capital markets.
- (i) *Iron and steel products* means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges,



pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

- (j) *Nationally Recognized Statistical Rating Organization (NRSRO)* means a credit rating agency identified and registered by the Office of Credit Ratings in the Securities and Exchange Commission.
- (k) *Project* means:
- (1) 1 or more activities that are eligible for assistance under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)), notwithstanding the public ownership requirement under paragraph (1) of that subsection.
  - (2) 1 or more activities described in section 1452(a)(2) of the Safe Drinking Water Act (42 U.S.C. 300j-12(a)(2)).
  - (3) A project for enhanced energy efficiency in the operation of a public water system or a publicly owned treatment works.
  - (4) A project for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation).
  - (5) A brackish or sea water desalination project including chloride control.
  - (6) A managed aquifer recharge project, a water recycling project, or projects to provide alternative water supplies to reduce aquifer depletion.
  - (7) Acquisition of real property or an interest in real property—
    - (A) If the acquisition is integral to a project described in paragraphs (1) through (5); or
    - (B) Pursuant to an existing plan that, in the judgment of the Administrator or the Secretary, as applicable, would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for assistance under this section.
  - (8) A project to prevent, reduce, or mitigate the effects of drought, including projects that enhance the resilience of drought-stricken watersheds.
  - (9) A combination of projects, each of which is eligible under paragraph (1) or (2), for which a State infrastructure financing authority submits to the Administrator a single application.
  - (10) A combination of projects secured by a common security pledge, each of which is eligible under paragraph (1), (2), (3), (4), (5), (6), or (7), for which an eligible entity, or a combination of eligible entities, submits a single application.
- (l) *Prospective borrower* means an entity that is contemplating or is in the process of undertaking the WIFIA application process, or an entity that has undertaken these activities on behalf of another entity. The following entities are eligible to receive credit assistance: a corporation, a partnership, a joint venture, a trust, a Federal, State, or local government, a tribal government or consortium of tribal governments, and a State infrastructure financing authority. Prospective borrowers become applicants when they are invited to apply for WIFIA credit assistance.
- (m) *Public entity* means:
- (1) a Federal, State, or local Governmental entity, agency, or instrumentality; or
  - (2) a Tribal Government or consortium of Tribal Governments.





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- (n) *Publicly sponsored* means the prospective borrower can demonstrate, to the satisfaction of the Administrator that it has consulted with the affected State, local or Tribal Government in which the project is located, or is otherwise affected by the project, and that such government supports the proposed project. Support can be shown by a certified letter signed by the approving municipal department or similar agency, mayor or other similar designated authority, local ordinance, or any other means by which local government approval can be evidenced.
- (o) *Small Community* means a community with a population of no more than 25,000 individuals.
- (p) *State* means any one of the fifty states, the District of Columbia, Puerto Rico, or any other territory or possession of the United States.
- (q) *State infrastructure financing authority* means the State entity established or designated by the Governor of a State to receive a capitalization grant provided by, or otherwise carry out the requirements of, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et. seq.) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12).
- (r) *Term sheet* means a contractual agreement between EPA and the project sponsor (and the lender, if applicable) that sets forth the key business terms and conditions of a Federal credit instrument. Execution of this document represents a legal obligation of budget authority.
- (s) *Treatment works* has the meaning given the term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).
- (t) *WIFIA* means the Water Infrastructure Finance and Innovation Act of 2014, Pub. L. 113-121, 128 Stat, 1332, codified at 33 U.S.C. §§ 3901-3914.



## LETTER OF INTEREST

Provide the following information in this form or as narrative answers. Narrative answers can reference source documents (include the name of the document and relevant pages or sections). Provide any referenced documents as attachments.

### Section A: Prospective Borrower Information

1. Legal name of prospective borrower:

Metropolitan St. Louis Sewer District

2. Other names under which the prospective borrower does business:

N/A

3. Department and division name: N/A

4. Business street address, city, state, zip: 2350 Market, St. Louis, MO 63103-2555

5. Mailing street address (if different from above): same

6. Website: <http://www.stlmsd.com/>

7. Employer/taxpayer identification number (EIN/TIN): 43-6011991

8. Dun and Bradstreet Data Universal Number System (DUNS) number: 04-637-3312

9. Type of entity (check all that apply):

☐ Corporation

☐ Partnership

☐ Joint Venture

☐ Trust

☒ Federal, State, or Local Governmental Entity, Agency, or Instrumentality

☐ Tribal Government or Consortium of Tribal Governments

☐ State Infrastructure Finance Authority

☐ Combination of the Above Entities



10. Describe the organizational structure of the project(s) and attach an organizational chart illustrating this structure. Explain the relationship between the prospective borrower, the project, and other relevant parties. Include individual members or titles of the project team(s) and their past experiences with projects of similar size and scope. If multiple parties are involved in the project's construction, maintenance, and operation, describe the project's risk allocation framework.

*This project will result in an asset that the District will own and operate. The project design and construction will be managed by the staff of the Engineering Division. After Construction is complete the asset will be operated and maintained by the Operations Division.*

11. If the prospective borrower is not a public entity or in the case of the prospective borrower being a state infrastructure finance authority, the sub-recipient(s) is not a public entity, is the project(s) publicly sponsored? Please explain.

*N/A*

12. Indicate (yes or no) whether the prospective borrower is prepared to submit an application within 365 days after receiving an invitation to apply. (Assume invitations to apply will be issued approximately 90 days from the close of the letter interest submission period). Yes

#### Section B: Project Plan

1. Project name(s) (for purposes of identification assign a short name to the project(s)):  
DC-02 & DC-03 SANITARY RELIEF (BRENTWOOD BLVD TO CONWAY RD) PHASE III AND PHASE IV
2. Project website(s): currently does not have one; once construction starts, a webpage will be generated





3. Provide a brief description of the project(s):

*Construct approximately 15,900 feet of 8-inch to 54-inch sanitary sewer, slip-line 1,700 feet of sanitary sewer and appurtenances to alleviate surcharging, basement backups, and eliminate five constructed SSO Outfalls. The project is located adjacent to Deer Creek within the Cities of Brentwood and Ladue in St. Louis County, MO.*

4. Describe the project's purpose (including quantitative or qualitative details on public benefits the project(s) will achieve).

*To alleviate surcharging, basement backups, and eliminate five constructed SSO Outfalls which eliminates the flow of sanitary sewage into the Deer Creek channel. The Missouri Department of Natural Resources in accordance with Section 303(d) of the federal Clean Water Act is establishing a Deer Creek total maximum daily load, or TMDL. Occurrences of sanitary sewer overflows can result in elevated bacteria concentrations (EPA 1996) therefore the removal of the Constructed SSO Outfalls will improve water quality in Deer Creek.*

*This project complies with Paragraph 23 through 30 of the Consent Decree Case No. 4:07-CV-1120-CEJ between MSD, USEPA and Missouri Coalition for the Environment.*

5. Describe the location of the project(s). Include a project map, if available, and/or latitude and longitude details.

*The project is located in the Deer Creek Watershed, within the City of Ladue, St. Louis County, Missouri. The project starts at approximately Latitude: 38°37'9.32"N and Longitude: 90°22'25.43"W. The project ends at approximately Latitude: 38°38'32.48"N and Longitude: 90°24'4.03"W. See ENG Attachment 01 Project Location Map.*

6. County(s) project(s) will serve: St. Louis County, Missouri

7. Population served by the project(s): approximately 30,000 people

8. Total population served by system: approximately 1.2 million people

9. Indicate the type of project delivery method (i.e., design-build, construction manager at-risk, design-bid-build) that is planned for this project(s).

Design-Bid-Build

10. Present the project schedule(s), including the proposed project start and end dates of planning, design, permitting, and construction or implementation phases.

*Planning Start: 1980*

*Planning End: December 31, 2013*

*Commence Design: September 2015*

*Complete Design: November 2018*

*Commence Construction: June 2019*

*Complete Construction: December 2022*

11. Provide any analysis (i.e. preliminary engineering reports, feasibility studies, preliminary designs, siting studies, project plans, etc.) completed in support of the project(s). Provide any referenced documents as attachments.





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*See attached Eng Attachment 02 Project Plans 90 percent*

12. Present the findings of any alternatives analysis or business cases conducted, if available. Describe the project alternatives considered and the rationale (i.e., lowest capital cost, greater ease of operation, most reliable, fewest environmental impacts, etc.) for the selected alternative; this description should include the technical, managerial, financial, environmental, operational and local decision making rationale for the selected approach. Provide any referenced documents as attachments.

*This project corridor has been studied and the development of an alternatives analysis was completed, as a part of the preliminary Design report for DC-02 dated June 2008. The alternatives analysis was further considered during the current design as referenced in the attachment Eng Attachment 03 Alignment Alternatives dated December 28, 2015.*

*As a part of the December 28, 2015 technical memorandum there was an in depth review of the potential alignment. Alignment changes were evaluated in consideration with former railroad right of way, property owner impacts, highway crossings, stream channel crossings, construction cost and constructability. With all alternatives, positive and negative points were identified and a recommendation was made.*

13. If available, provide a copy of the system master plan or like document.

*See SSO Control Master Plan, WIFIA Eng Attachment 05 SSO Control Master Plan*

14. Briefly discuss any other issues that may affect the development and financing of the project(s), such as community support, pending legislation, permitting, or litigation.

*Community Support: obtaining property rights and permits will be important to the timing of this project. This project is listed in the Sanitary Sewer Overflow Control Master Plan that complies with Paragraph 23 through 30 of the Consent Decree Case No. 4:07-CV-1120-CEJ. This project needs to meet the terms of the schedule identified in the Sanitary Sewer Overflow Control Master Plan.*

15. Describe the authorizing actions (e.g., local vote, board vote, ordinance) that would need to occur in order to enter into a loan agreement with the WIFIA program.

*MSD Board of Trustees Vote with a corresponding ordinance.*

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16. Present the environmental review process and status of such for the project(s).

*There are no environmental issues anticipated.*

17. Describe the status of any additional permits and approvals that the project(s) may require. If applicable, describe community outreach efforts conducted to date and planned for the project(s).

*Section 404 of the Clean Water Act Permit – Under Review*

*Section 401 of the Clean Water Act Certification – Under Review*

*Missouri Department of Transportation Permit to Work on Right Of Way – Acquire at Construction  
Several Public Meetings to explain to the residents adjacent to the project will be conducted.*



18. Indicate if the project is for new construction, substantial improvement, or to address substantial damage to structures and facilities, as described in [Executive Order 13690](#)<sup>1</sup> and the [Guidelines](#).<sup>2</sup> See the [WIFIA program handbook](#), section 2.7.4, for more information.

- ☒ New Construction  
☐ Substantial Improvement  
☐ Addresses Substantial Damage to Structures and Facilities  
☐ None of the Above

19. Indicate if the project is located in, close to, or could impact the 100-year floodplain.

- ☒ Located in 100-year floodplain  
☐ Close to 100-year floodplain  
☐ Could impact 100-year floodplain  
☐ None of the Above

20. If known, indicate if the project is in the expanded horizontal floodplain as described in [E.O. 13690](#) and the [Guidelines](#). If necessary, will the project be made resilient to the higher vertical elevation as described in [E.O. 13690](#) and the [Guidelines](#).

*Not Applicable*

### Section C: Project Operations and Maintenance Plan

1. Provide the estimated useful life of the project(s) and describe the underlying assumptions. In determining the useful life of the project(s), please consider the useful economic life of the asset(s) to be financed.

*The anticipated life of the project will be between 50 and 100 years.*

2. Provide the project(s)'s operation and maintenance plan, including sources of revenue to finance those activities, any performance guarantees, and major maintenance reserves. A preliminary or draft plan is acceptable.

*Operation and Maintenance of the new sewer system will be in accordance with the Metropolitan St. Louis Sewer District CAPACITY, MANAGEMENT, OPERATIONS, AND MAINTENANCE (CMOM) PROGRAM PLAN dated October 27, 2012. MSD's CMOM Program Plan incorporates asset management-based, preventive and predictive maintenance processes in order to keep the wastewater collection system in good repair and help achieve pre-established management and service level goals.*

*See CMOM Program Plan, WIFIA Eng Attachment 04 CMOM Plan.*

3. Describe any contractual arrangements that may impact the operation of the project(s).

*None anticipated*





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## Section D: Financing Plan

1. Provide a narrative describing how the project(s)'s senior debt obligations will garner an investment-grade rating(s). This narrative should include, as available, a discussion of the financial structure of the project(s), a projection of key financial ratios such as the debt service coverage ratio, debt to capital ratio, or debt to earnings before interest depreciation and amortization ratio, as appropriate, and existing ratings from NRSROs on the security pledged for repayment of the WIFIA loan. If the prospective borrower is a pool of eligible borrowers and projects, discuss the existing ratings and repayment schedules of the underlying borrowers and attach supporting documentation as available.

*The project(s) defined in Section B are part of the District's Capital Improvement and Replacement Plan (CIRP), designed to address MSD's infrastructure capital improvement projects involving the construction, repair, replacement and upgrade of sanitary and combined sewers, forcemains, pump stations, tanks, tunnels, treatment plants, and stormwater sewers. The District has designated the portion of the CIRP improvements agreed to under its Consent Decree as "Project Clear." Project Clear is a \$4.7 billion (in 2010 dollar), 23-year program.*

*MSD finances its CIRP through a combination of senior debt, subordinated debt, and pay-as-you-go (PAYGO) financing. The PAYGO portion is collected from ratepayers as part of its sewer service charges. These revenues are included in the definition of "Pledged Revenue," which secures the District's indebtedness. MSD is currently targeting a 70/30 Debt/PAYGO mix for the \$1.5 Billion of projects identified for FY 2017 – FY2020. Existing debt obligations require minimum debt service coverage (Pledged Revenue/Debt Service) of 1.25x for senior debt and 1.15x for total debt. Long-term debt ratings are AAA from Standard & Poor's, Aa1 from Moody's, and AA+ from Fitch (see attached). In order to maintain its investment grade ratings, the District's financing plan and current rate structure targets coverage well in excess of its debt covenants - 2.5x for senior debt and 1.8x for total debt. MSD also has a financing plan target of 550 days of cash on hand. Actual coverage at the end of FY2016 was 3.3x senior debt service and 2.0x total debt service. Days Cash on Hand was 724 days.*

*The District's senior debt is typically 30 yr debt, with annual principal amortization. Its subordinated debt consists of 20 year loans from the State Revolving Fund (SRF) loan program, also typically with annual principal amortization.*

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<sup>1</sup> Executive Order 13690, Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input.)

<sup>2</sup> Draft Guidelines for Implementing Executive Order 11988, Floodplain Management, and Executive Order 13690, Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input dated January 28, 2015.





2. List the estimated total capital costs of the project(s), broken down by activity type and differentiating between eligible project costs and ineligible project costs. More information about eligible costs is available in the WIFIA program handbook.

*All \$51 million of project costs are for Construction. All costs are expected to be Eligible.*

3. Describe each source of financing for the project(s), including the WIFIA assistance, by providing at a minimum the amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, repayment sources, amortization schedule, and lien position.

*Financing for the projects described in Section B are expected to be financed by WIFIA assistance (49% of eligible costs), with the rest sourced from senior debt issued in 2017 and 2018 and PAYGO (sewer service charges). Rate increases to cover the debt service of existing and new debt and the PAYGO portion of the capital plan, including these projects, are part of MSD's rate plan that runs from July 2016 – June 2020 and was accepted by MSD's Board of Trustees in October 2015. The new rate ordinance was approved in June 2016.*

*The DC-02 & DC-03 Sanitary Relief (Brentwood Blvd to Conway Rd) Phase III and IV project is expected to have eligible costs totaling \$51 million. Construction will begin in the District's fiscal year starting July 2018 with project disbursements through 2022. Wastewater net operating revenue will be pledged as security for WIFIA assistance and for senior lien bonds and will also be the source of repayment. MSD understands that WIFIA assistance will have a lien on parity with our senior bondholders that also provide financing for our CIRP. On this project, WIFIA assistance is expected to total up to \$24 million of 30-35 year debt. MSD prefers level debt service so will request to structure the debt with regular principal amortization to minimize overall financing costs. We understand the interest rates will be equal to or greater than that of Treasury securities with maturities most similar to the expected weighted average loan life. That should be well within our rate plan that assumes coupons of 5% on non-SRF debt. We expect a loan origination date in late 2018 with final maturity sometime between 2050 and 2055.*

*Since the project is just one of many projects within MSD's CIRP, the rest of the financing will be sourced from senior lien bonds and sewer service charges, like all other projects. The District's CIRP is expected to be \$342 million in FY18, \$418 million in FY19, and \$397 million in FY20. The District's current projections for financing its CIRP include issuing \$220 million of bonds in FY18, \$275 million in FY19, and \$282 million in FY20 (issuances likely in or around December of 2017, 2018, and 2019), with level debt service for 30 years (maturing May or November of 2047, 2048, and 2049). Principal amortization is usually annual, starting around year 2. Coupons are assumed to be 5% with a true interest cost a little lower, depending on market rates at the time of issuance. Sewer service charges are expected to be \$360 million in FY18, \$397 million in FY19, and \$436 million in FY20. New rates take effect each July.*

4. Describe the terms of the prospective borrower's existing debt and equity financing sources, as applicable, highlighting information such as, amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, repayment sources, amortization schedule, and lien position.

*Existing Debt is described in attached MSD Existing Debt Summary 3-31-17.xlsx*





5. Describe the prospective borrower's financial condition, including whether it is current on all debt service, in risk of imminent default, in technical default, in bankruptcy proceedings, or under a merger and acquisition plan. Provide the year-end audited financial statements for the past three years, as available, as an attachment.

*The District's financial position is strong. MSD's long-term debt ratings are AAA from Standard & Poor's, Aa1 from Moody's, and AA+ from Fitch. It is current on all debt service payments. Audited Financial statements attached.*

6. Describe the revenue source(s) that will be pledged to repayment of the WIFIA assistance. Describe preliminary revenue projections and assumptions, including the results and status of revenue feasibility studies and offtake agreements or draft agreements, as appropriate.

*Security will be provided by pledged revenue. The largest component of pledged revenue is "net operating revenues," meaning operating revenues after provision for payment of all expenses of operation and maintenance.*

7. Describe the terms expected for each source of financing for the project(s), including the WIFIA assistance, including at a minimum the amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, projected amortization schedule, capitalized interest, lien position, and any plans to raise capital for non-WIFIA funding.

*As described in Section D, Item 3 above.*

8. Provide a sources and uses of funds exhibit for the construction period(s) showing the timing and amount of expected equity and debt funding by source, including the WIFIA assistance.

*See attached SOURCES AND USES DC 02 03.xlsx*

9. Attach a summary financial pro forma which presents key assumptions and annual project cash flows through the final maturity of the project and the proposed WIFIA debt, including up to five years of historical data, as available. The pro forma should include at a minimum the following:
  - a. The project's funding sources
  - b. The project obligations' dedicated source(s) of repayment
  - c. The project's revenue sources
  - d. Operations and maintenance costs
  - e. Capital expenditures
  - f. Debt service payments and reserve transfers, broken down by funding source and including WIFIA credit assistance
  - g. Equity distributions

If available, include sensitivity projections for pessimistic, base and optimistic cases

*See attached SOURCES AND USES DC 02 03.xlsx, recent audited financial statements, and project description. Project is one of many within MSD's CIRP and does not generate revenue on its own, nor does it have dedicated O&M expenses. System revenue comes from sewer service charges MSD charges its ratepayers and O&M expenses are for total system expenses. CIRP projects like those described in Section B are part of MSD's 23-year, \$4.7 billion (in 2010 dollars)*



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*Consent Decree.*

- 10.** Describe the results and status of revenue feasibility studies. For project financing, list all potential off-take agreements and describe the counterparty.

*Feasibility studies performed by a third-party in conjunction with District senior debt issuances have confirmed that the District's organizational structure, planned CIRP, and financing plans are sound and sufficient to support planned issuance of bonds required to support the FY2016 – FY2020 CIRP. There are no off-take agreements but the District is the only wastewater service provider in its service area, and is specifically authorized by State statute and a voter approved Charter to be responsible for wastewater service within the District service area.*

- 11.** Has the prospective borrower consulted with the applicable State Revolving Fund (SRF) Authority to procure SRF funding? If so, explain.

*MSD has discussed and/or applied for SRF funding for other projects and does not anticipate receiving SRF funding for any project described in Section B.*

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## Section E: Selection Criteria

Detailed definitions for each selection criteria are provided in the WIFIA program handbook available at [www.epa.gov/wifia](http://www.epa.gov/wifia).

1. **National or regional significance:** Describe the extent to which the project is nationally or regionally significant, with respect to the generation of economic and public health benefits.

*This project constructs a trunk sewer that serves 9,900 parcels. This project removes five constructed SSOs and with other adjacent improvements, allows for the removal of two more. The public health benefits are the intended water quality improvements to Deer Creek, River Des Peres, and the Mississippi River.*

*This project is part of the SSO Control Master Plan, a long term regional strategy for pollution abatement, for MSD that will improve the water quality for the District and our 1.2 million customers.*

2. **Enables project to proceed earlier:** Describe the likelihood that assistance under this subtitle would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.

*This assistance will have no impact on the current project schedule.*

3. **New or innovative approaches:** Describe the extent to which the project uses new or innovative approaches such as the use of energy efficient parts and systems, or the use of renewable or alternate sources of energy; green infrastructure; and the development of alternate sources of drinking water through aquifer recharge, water recycling or desalination.

*No innovative approaches are anticipated for the construction of the project. However, the design of the project is based on an innovative approach to developing design storm unique to the St. Louis area using 100 years of rainfall records and RADAR Rainfall.*

4. **Protection against extreme weather events:** Describe the extent to which the project protects against extreme weather events, such as floods or hurricanes, as well as the impacts of climate change.

*This project protects adjacent property owners against building backups for a 10-yr storm event. It also protects waters of the US from sanitary sewer overflows for a 10-yr event. With additional improvements that will connect to this sewer, additional properties and waterways will be protected as directed by the Consent Decree which MSD entered with the EPA.*

5. **Maintain or protect the environment or public health:** Describe the extent to which the project helps maintain or protect the environment or public health.

*The project will remove 5 Constructed SSO Outfalls which eliminates the flow of sanitary sewage into the Deer Creek channel. The Missouri Department of Natural Resources in accordance with Section 303(d) of the federal Clean Water Act is establishing a Deer Creek total maximum daily load, or TMDL. Occurrences of sanitary sewer overflows can result*



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*in elevated bacteria concentrations (EPA 1996) therefor the removal of the Constructed SSO Outfalls will improve water quality in Deer Creek.*

6. **Serves energy exploration or production areas:** Describe the extent to which a project serves regions with significant energy exploration, development, or production areas.

*N/A*

7. **Serves regions with water resource challenges:** Describe the extent to which a project serves regions with significant water resource challenges, including the need to address water quality concerns in areas of regional, national, or international significance; water quantity concerns related to groundwater, surface water, or other resources; significant flood risk; water resource challenges identified in existing regional, state, or multistate agreements; and water resources with exceptional recreational value or ecological importance.

*Allows for the removal of constructed SSOs and allows for the alleviation of building backups within its tributary area of 37 square miles. Occurrences of sanitary sewer overflows can result in elevated bacteria concentrations (EPA 1996) therefor the removal of the Constructed SSO Outfalls will improve water quality in Deer Creek.*

8. **Addresses identified priorities:** Describe the extent to which the project addresses identified municipal, state, or regional priorities.

*This project removes 5 Constructed SSO Outfalls that were specifically named as a part of paragraph 26 in the District's Consent Decree Case No. 4:07-CV-1120-CEJ*

9. **Financing plan:** Describe the extent to which the project financing plan includes public or private financing.

*All funding will be public – sewer service charges, municipal senior lien bonds, and WIFIA assistance.*

10. **Reduction of Federal assistance:** Describe the extent to which assistance under this subtitle reduces the contribution of Federal assistance to the project.

*There is no additional Federal assistance anticipated for this project.*

11. **Readiness to proceed:** Describe the readiness of the project to proceed toward development, including a demonstration by the prospective borrower that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project.

*This project is Phase III and Phase IV of a larger project that replaces the entire Deer Creek trunk sewer. Phase I is currently under construction and Phase II will be bidding later this year.*

12. **Repair, rehabilitation, or replacement:** Describe the extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging





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water distribution or wastewater collection system;

*The original trunk sewer is approximately 70 years old and was designed to flow 85% full. This existing sewer is in poor condition in places and does not have adequate capacity for wet weather flow. The replacement sewer was designed to meet a 10 year level of service.*

13. **Economically stressed communities:** Describe the extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.

*Low cost financing helps hold down rates for all MSD ratepayers. The U.S. Census Bureau's QuickFacts site for St. Louis County, which holds approximately 75% of MSD's ratepayers, estimates the area's MHI to be \$59,755 but with 10.3% of the population at or below the poverty line. St. Louis, where the other 25% of MSD's ratepayers reside, has an estimated MHI of \$35,599 but with 27.1% of the population at or below the poverty line.*

*Source: <https://www.census.gov/quickfacts/table/PST045216/2965000,29189,00>*

## Section F: Contact Information

### 1. Primary point of contact

Name: Tim Snoke  
Title: Secretary-Treasurer  
Organization: Metropolitan St. Louis Sewer District  
Street Address: 2350 Market St.  
City/State/Zip: St. Louis, MO 63103-2555  
Phone: 314-768-2222

### 2. Secondary point of contact

Name: Richard L. Unverferth  
Title: Director of Engineering  
Organization: Metropolitan St. Louis Sewer District  
Street Address: 2350 Market St.  
City/State/Zip: St. Louis, MO 63103-2555  
Phone: 314-768-6285



## Section G: Certifications

1. *National Environmental Policy Act:* The prospective borrower acknowledges that any project receiving credit assistance under this program must comply with all provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)
2. *American Iron and Steel:* The prospective borrower acknowledges that any project receiving credit assistance under this program for the construction, alteration, maintenance, or repair of a project may only use iron and steel products produced in the United States and must comply with all applicable guidance.
3. *Prevailing Wages:* The prospective borrower acknowledges that all laborers and mechanics employed by contractors or subcontractors on projects receiving credit assistance under this program shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor, in accordance with sections 3141-3144, 3146, and 3147 of Title 40 (Davis-Bacon wage rules).
4. *Lobbying:* Section 1352 of Title 31, United States Code provides that none of the funds appropriated by any Act of Congress may be expended by a recipient of a contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, or an employee of a Member of Congress in connection with the award or making of a Federal contract, grant, loan, or cooperative agreement or the modification thereof. EPA interprets this provision to include the use of appropriated funds to influence or attempt to influence the selection for assistance under the WIFIA program.

WIFIA prospective borrowers must file a declaration: (a) with the submission of an application for WIFIA credit assistance; (b) upon receipt of WIFIA credit assistance (unless the information contained in the declaration accompanying the WIFIA application has not materially changed); and (c) at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any declaration previously filed in connection with the WIFIA credit assistance.

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and





contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

5. **Debarment:** The undersigned further certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended, or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 2 C.F.R. Part 180 and Part 1532.
6. **Default/Delinquency:** The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.
7. **Other Federal Requirements:** The prospective borrower acknowledges that it must comply with all other federal statutes and regulations, as applicable. A non-exhaustive list of federal cross-cutting statutes and regulations can be found at: [www.epa.gov/wifia](http://www.epa.gov/wifia).
8. **Signature:** By submitting this letter of interest, the undersigned certifies that the facts stated and the certifications and representations made in this letter of interest are true, to the best of the prospective borrower's knowledge and belief after due inquiry, and that the prospective borrower has not omitted any material facts. The undersigned is an authorized representative of the prospective borrower.

Name: Brian L. Hoelscher  
Title: Executive Director and Chief Executive Officer  
Organization: Metropolitan St. Louis Sewer District  
Street Address: 2350 Market St.  
City/State/Zip: St. Louis, MO 63103-2555  
Phone: 314-768-6265  
Email: [BLHOEL@stlmsd.com](mailto:BLHOEL@stlmsd.com)

Signature: \_\_\_\_\_

*Brian Hoelscher*

Date Signed: \_\_\_\_\_

*APRIL 10, 2017*



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## Section H: Notification of State Infrastructure Financing Authority

By submitting this letter of interest, the undersigned acknowledges that EPA will (1) notify the appropriate State infrastructure financing authority in the State in which the project is located that the prospective borrower submitted this letter of interest; and (2) provide the submitted letter of interest and all source documents to that State infrastructure financing authority.

Prospective borrowers that do not want their letter of interest and source documents shared with the State infrastructure financing authority in the state in which the project is located may opt out by initialing here \_\_\_\_\_.

In the event that a prospective borrower opts out of sharing a letter of interest, EPA will still notify the State infrastructure financing authority within 30 days of receiving a letter of interest.

Signature: TR SNOKE  
Name: TIM R. SNOKE  
Date Signed: April 10, 2017